

Message Text

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42

ACTION EB-11

INFO OCT-01 IO-12 AF-10 ARA-11 EA-11 EUR-25 NEA-10 RSC-01

ADP-00 AGR-20 CEA-02 CIAE-00 COME-00 DODE-00 FRB-02

H-02 INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-10 PA-03

AID-20 CIEP-02 SS-15 STR-08 TAR-02 TRSE-00 USIA-12

PRS-01 OMB-01 OIC-04 RSR-01 ABF-01 /225 W
----- 081217

P R 161525 Z APR 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 0551

INFO AMEMBASSY ABIDJAN

AMEMBASSY BOGOTA

AMEMBASSY BONN

AMEMBASSY BRASILIA

AMEMBASSY GUATEMALA

AMEMBASSY KAMPALA

AMEMBASSY MEXICO CITY

AMEMBASSY PARIS

AMEMBASSY SAN SALVADOR

AMCONSUL LUANDA

AMCONSUL RIO DE JANEIRO

LIMITED OFFICIAL USE SECTION 01 OF 02 LONDON 04478

E. O. 11652: N/A

TAGS: EGEN

SUBJECT: COFFEE - EXTENSION OF INTERNATIONAL COFFEE
AGREEMENT

REF: LONDON 4457 (NOTAL)

1. SUMMARY - TWENTY- SECOND SESSION INTERNATIONAL COFFEE
COUNCIL ENDED 2400 HOURS SATURDAY APRIL 14 AFTER
ADOPTION RESOLUTION NO. 264, EXTENDING THE 1968 ICA
UNTIL SEPTEMBER 30, 1975 WITH DELETION ALL ECONOMIC
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PROVISIONS (ARTICLES 27 TO 51, 53, 54 AND 59 TO 62, AND ANNEXES A, B AND C) AND CONSEQUENTIAL AMENDMENTS OTHER ARTICLES. ACTION KEEPS STRUCTURE OF COFFEE ORGANIZATION AS FORUM FOR NEGOTIATION NEW ICA WITH ECONOMIC PROVISIONS, HOPEFULLY WITHIN NEXT TWO YEARS. LAST ISSUE TO BE RESOLVED FOR THIS EXTENSION WAS BATTLE BETWEEN BRAZIL- COLOMBIA ON ONE HAND AND CENTRAL AMERICANS (LED BY EL SALVADOR AND GUATEMALA AND WITH SOME AFRICAN SUPPORT) OVER SIZE OF MAJORITY REQUIRED FOR EVENTUAL NEGOTIATION OF NEW ICA CONTAINING ECONOMIC PROVISIONS. COMPROMISE REACHED EVENING APRIL 14 REQUIRES MAJORITY MADE UP BY 58 PER CENT OF MEMBERS HOLDING AT LEAST 70 PER CENT OF IMPORTER VOTES AND 70 PER CENT OF EXPORTER VOTES. COUNCIL ADJOURNED WITHOUT SETTLING HEATED ARGUMENT OVER SPEEDED- UP LIQUIDATION COFFEE DIVERSIFICATION FUND. FURTHER COUNCIL SESSION SCHEDULED FOR APRIL 24 TO RESOLVE THIS ISSUE. END SUMMARY

2. AS REPORTED REFTEL, EXECUTIVE BOARD APRIL 13 RESOLVED ALL OUTSTANDING ISSUES FOR TWO- YEAR EXTENSION OF 1968 ICA WITH EXCEPTION ARTICLE 69 PROVISION STIPULATING MAJORITY REQUIRED TO NEGOTIATE (AS DISTINCT FROM BRINGING INTO FORCE) NEW ICA CONTAINING NEW COOPERATIVE ECONOMIC PROVISIONS. BOTH 1962 AND 1968 AGREEMENTS PROVIDED IN ARTICLE 69(2) FOR " MAJORITY OF THE MEMBERS HAVING NOT LESS THAN A DISTRIBUTED TWO- THIRDS MAJORITY OF THE TOTAL VOTES...". " OTHER MILDS" PRODUCING COUNTRIES (MOSTLY CENTRAL AMERICANS) ARGUED THIS PROVISION INADEQUATE TO PROTECT THEIR INTERESTS AGAINST BRAZIL- COLOMBIA STEAM- ROLLER AND INSISTED MINIMUM BE RAISED TO 75 PER CENT OF MEMBERS HOLDING 85 PER CENT OF VOTES. BRAZIL- COLOMBIA STOOD FIRMLY OPPOSED. AFTER EXECUTIVE BOARD THREW IN SPONGE AND FORWARDED TWO ALTERNATIVE TEXTS TO COUNCIL, HEATED AND PROTRACTED NEGOTIATIONS, FORCED BY COUNCIL CHAIRMAN, BETWEEN THE OPPOSING CAMPS BROUGHT COMPROMISE EARLY SATURDAY EVENING ON FORMULA CALLING FOR 58 PER CENT OF MEMBERS HOLDING 70 PER CENT OF EXPORTER VOTES AND 70 PER CENT OF IMPORTER VOTES.

3. WITH THAT LAST ISSUE SETTLED, COUNCIL ADOPTED RESOLUTION 264 AND ACCOMPANYING TEXT OF EXTENDED 1968 ICA LIMITED OFFICIAL USE

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WITHOUT COMMENT OR DISSENT. TEXT STILL SUBJECT MINOR

DRAFTING " POLISHING UP" TO ELIMINATE ANY REMAINING IN-
ADVERTENT DISCREPANCIES BETWEEN DIFFERENT LANGUAGE
VERSIONS. DRAFTING GROUP COMPRISING FRENCH, GUATEMALAN,
PORTUGUESE DELS AND DEPUTY EXECUTIVE DIRECTOR (FOR
FRENCH, SPANISH, PORTUGUESE AND ENGLISH RESPECTIVELY)
CHARGED WITH THIS TASK.

4. COUNCIL ALSO ADOPTED TWO RESOLUTIONS PROVIDING FOR
(A) TEMPORARY FINANCIAL ARRANGEMENTS FOR PERIOD OF
TRANSITION TO EXTENDED ICA OR ALTERNATIVELY TO LIQUIDA-
TION OF ICO IF NOT ENOUGH COUNTRIES ACCEPT EXTENSION,
AND (B) WORK SCHEDULE IN CONNECTION NEGOTIATIONS FOR
NEW ICA.

5. COUNCIL NOTED DECISIONS BY WORLD COFFEE
PROMOTION COMMITTEE TO LIQUIDATE PROMOTION FUND,
STARTING IMMEDIATELY, AND RETURN MONEY TO CONTRIBUTING
PRODUCING COUNTRIES WITHOUT DELAY. US DEL RAISED QUES-
TION ABOUT IMPLICATIONS THIS ACTION FOR US PROMOTIOM
SOHM

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INFO OCT-01 IO-12 AF-10 ARA-11 EA-11 EUR-25 NEA-10 RSC-01

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P R 161525 Z APR 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 0552

INFO AMEMBASSY ABIDJAN

AMEMBASSY BOGOTA

AMEMBASSY BONN

AMEMBASSY BRASILIA

AMEMBASSY GUATEMALA

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PROGRAM UNDERTAKEN JOINTLY BY COFFEE PROMOTION COMMITTEE AND NATIONAL COFFEE ASSOCIATION. PRESIDENT WCPC ASSURED COUNCIL FUND WOULD FULFILL ALL EXISTING CONTRACTS. BUT THIS STILL APPEARS LEAVE NCA HOLDING BAG FOR FINAL PHASE OF PROGRAM, WITHOUT WHICH THE EARLIER PHASES WOULD BE MEANINGLESS.

6. GROUP OF EXPORTING MEMBERS PRESENTED DRAFT RESOLUTION TO DELEGATE TO EXECUTIVE BOARD ALL POWERS TO AMEND
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STATUTES OF DIVERSIFICATION FUND. OBJECTIVE IS TO PERMIT CHANGING STATUTES AND ALLOW FOR IMMEDIATE COMMENCEMENT LIQUIDATION PROCEDURE AND RETURN OF CASH TO PARTICIPATING COUNTRIES. WHILE PRODUCER SUPPORT FOR THIS PROPOSAL WAS UNANIMOUS, IT WAS OPPOSED BY US, CANADA AND GERMANY ON GROUNDS MATTERS AFFECTING FUND TOO IMPORTANT DELEGATE TO FUND. ALL OTHER IMPORTING MEMBERS ABSTAINED OR WERE ABSENT. REACTING TO THIS REBUFF, BRAZIL (SOUTO- MAIOR) IMMEDIATELY CALLED FOR SPECIAL COUNCIL SESSION STARTING APRIL 16. CHAIRMAN FINALLY DECIDED CALL COUNCIL FOR APRIL 24. EXECUTIVE BOARD WILL MEET IN INTERIM TO CONSIDER PRELIMINARILY THIS AND RELATED ISSUES.

7. NATURALLY EXTENDED AGREEMENT WILL REQUIRE ACCEPTANCE BY MEMBER GOVERNMENTS, BEFORE COMING INTO FORCE, BUT COUNCIL SESSION ENDED IN GENERALLY FRIENDLY ATMOSPHERE, WITH GENERAL BELIEF THAT FUTURE OF ICA SEEMS LIKELY TO BE SAVED, BUT WITH CONSIDERABLE PIQUE AMONG PRODUCERS, ESPECIALLY COLOMBIA, THAT A FEW IMPORTERS HAVE FRUSTRATED THEIR EFFORTS TO DIVIDE UP THE DIVERSIFICATION FUND CASH (SOME \$25-30 MILLION) WITHOUT WAITING FOR SEPTEMBER 30 TO BEGIN LIQUIDATION.

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*** Current Classification *** LIMITED OFFICIAL USE

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BOGOTA
BONN
BRASILIA
EB
GUATEMALA
KAMPALA

MEXICO
SECSTATE WASHDC

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